

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Study Session

April 6, 2009  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

PRESENT: Mayor Degginger, Deputy Mayor Balducci, and Councilmembers Bonincontri, Chelminiak, Davidson, Lee, and Noble

ABSENT: None.

1. Executive Session

Deputy Mayor Balducci called the meeting to order at 6:00 p.m. and declared recess to Executive Session for approximately 45 minutes to discuss three items of potential litigation and one item of property acquisition.

The Study Session resumed at 6:38 p.m., with Mayor Degginger presiding.

2. Study Session

- (a) Legislative Briefing – Update on SR 520 Tolling and House Transportation, Operating and Capital Budgets

Deputy City Manager Brad Miyake welcomed Mike Doubleday, lobbyist, to provide the state legislative update.

Mr. Doubleday reported that the SR 520 Tolling Bill (HB 2211), which authorizes tolling on SR 520 between I-5 and SR 202, is in its seventh draft. The total project cost is not to exceed \$4.65 billion and is broken down as follows: 1) Cost of floating bridge, \$1.85 billion, 2) Eastside projects, \$800 million, and 3) Westside projects, \$2 billion. According to the latest version of the bill, any cost overruns for Westside projects will be borne by citizens, the private sector, or essentially someone other than State. The bill does not specify tolling rates, but indicates that tolls will vary. The Westside decision will be made with the City, neighborhoods, and the Washington State Department of Transportation (WSDOT).

Responding to Deputy Mayor Balducci, Mr. Doubleday said one factor in the cost differential between the Eastside and Westside relates to seismic issues for the portion between I-5 and the west bridge deck.

Responding to Councilmember Chelminiak, Mr. Doubleday said the SR 520-124<sup>th</sup> Avenue interchange project is not included in the tolling legislation. He noted that the legislation refers to total project costs of \$4.65 billion. However, the State's available funding is \$3.65 billion. Mr. Doubleday said that elements of the Westside design projects were eliminated due to the restricted funding.

Responding to Mayor Degginger, Ms. Becklund said staff will verify the numbers. She confirmed Council's interest in preserving Eastside projects and in securing funding for the 124<sup>th</sup> Avenue interchange project.

Mayor Degginger stated that the \$800 million for Eastside projects has remained constant throughout the draft bills, as has work to replace the bridge deck. What has changed is what is to be completed on the Westside.

Ms. Becklund said specific provisions will remain unclear for a while as this is a House Bill that has not completed review by the Senate. The budget environment remains fluid as well.

Mr. Doubleday reviewed the draft House transportation budget, which includes language in Section 306 addressing engineering design for the 124<sup>th</sup> Avenue interchange project. The Senate has passed its transportation budget, which does not include the project. Additional Senate budget items are regional mobility grants for Sound Transit. These were removed from the House budget by Representative Clibborn. The Senate budget contains approximately \$40 million in mobility grants, while the House budget contains \$15 million in mobility grants.

Mr. Doubleday reviewed the fiscal/revenue authority legislation (2SSB 5433), which is a compilation of a number of revenue bills for cities and counties. One provision of the bill limits the ferry district property tax rate and authorizes an additional property tax to address transit capacity along SR 520. The bill requires cities within King County to annex proposed annexation areas (PAAs) with populations greater than 4,000 by the end of 2014, or to forego applications to the Public Works Trust Fund and Transportation Improvement Account. It restores the ability of cities to collect brokered natural gas use taxes, and it allows cities and counties below certain population thresholds to use real estate excise tax (REET) revenue for park maintenance and operations under restricted circumstances.

Staff responded to additional questions of clarification, primarily related to transit and transportation funding.

(b) ARCH (A Regional Coalition for Housing) Reorganization Proposal

Mr. Miyake introduced a proposal from A Regional Coalition for Housing (ARCH) to reorganize from a joint board structure to a nonprofit corporation. ARCH is also seeking input on expanding its geographical sphere of influence.

Planning Director Dan Stroh explained that the proposed reorganization responds to the recognition of inefficiencies in administering the consortium, which has grown significantly

over the years. The current approach has member cities with their own separate funds, contracts, and processes for the release and tracking of funds. A tremendous amount of paperwork is involved in producing multiple contracts and monitoring each of them, which requires the time of ARCH staff, contributing cities, and nonprofit organizations.

ARCH has grown from four member cities to 15 member cities along with King County. A number of alternatives to streamline its activities have been reviewed including: 1) Remaining a joint board, with an administering agency carrying out contracting responsibilities; however, no member city was willing to assume the role of administrator, 2) Creating a nonprofit corporation, 3) Creating a limited liability corporation, and 4) Creating a general or limited partnership. The proposal to convert to a nonprofit corporation is designed to eliminate some of the duplication in the contracting process, and to allow a reduction from 20 to 30 annual contracts to four or five contracts. It will improve fund tracking by taking advantage of the expertise that ARCH staff has built up over the years in this function.

Mr. Stroh said the proposed reorganization will maintain the strong policy oversight and project approval that members currently have. The ARCH Executive Board believes this is the best approach to gain efficiencies while retaining the same governance structure and local control.

Arthur Sullivan, ARCH Program Manager, noted ARCH's commitment to maintaining effective relationships with City Councils and the County Council. The structure of the ARCH Executive Board and program oversight remain the same. Mr. Sullivan explained that this reorganization provides the opportunity to consider expanding ARCH's sphere of influence to include Snoqualmie Valley cities. ARCH has been approached by other cities to the north and south, and has talked with those communities about forming their own organizations.

Councilmember Davidson commended ARCH's success in providing housing projects, and expressed support for streamlining the group's operations. He asked if the new structure will involve an interlocal agreement, and whether the organization will be governed by by-laws or another document.

Councilmember Chelminiak observed that the budget increases under the new structure in comparison to the current 2009 budget.

Responding to Councilmember Chelminiak, Mr. Stroh explained that the City of Bellevue considered serving as the administrator and adding the associated .25 full-time equivalent (FTE) position. However, it was not possible to identify an effective .25 FTE position because it would be split between multiple departments. Mr. Stroh reiterated that the reorganization will significantly improve the contracting function and reduce the duplication of certain work, resulting in a savings exceeding the cost represented by the .25 position.

Mr. Sullivan added that the reorganization will centralize the accounting of dollars that all member cities are spending on affordable housing. Responding to Mr. Chelminiak, Mr. Sullivan said no member city was willing to function as administrator, and therefore ARCH opted for the nonprofit structure.

Councilmember Lee said he supports increasing the efficiency of the organization, but he shares Councilmember Chelminiak's concern that the budget increases.

Mr. Sullivan said ARCH would be different than other nonprofits as it would continue to operate under the interlocal agency act. He acknowledged that the reorganization does not necessarily translate to more housing units. However, it may result in more time for planning and less time in monitoring and reconciling contracts. ARCH estimates that the reorganization will cut staff time in half, and that it will allow ARCH and member cities to work better in terms of the background administrative activities.

Responding to Councilmember Bonincontri, Mr. Sullivan confirmed that a financial and legal review indicates that he can remain a City of Bellevue employee after ARCH converts to a nonprofit organization.

Deputy Mayor Balducci observed that the proposal makes sense in terms of streamlining the contracting process and eliminating the duplication of efforts. She supports the development of a more detailed plan, including specific reporting about what work would be done under the old structure that will be eliminated under the new structure.

Councilmember Chelminiak noted he continues to have reservations about the proposal, including the ability to maintain Mr. Sullivan as a City employee in a nonprofit organization. He is hesitant to change an organization that has worked so well for 17 years.

Mayor Degginger supports the objectives of the proposal. However, he shares the concerns of other Councilmembers. He is in favor of moving forward with further investigation, but has concerns regarding fiduciary liability and that the estimated legal and auditing costs are optimistic.

With regard to expanding ARCH's sphere of influence, Ms. Balducci is open to considering that proposal. However, she noted the technical challenge of bringing smaller entities into regional forums, as they tend to bring demands but not necessarily resources.

(c) Management Brief – Update on Neighborhood Initiative

Cheryl Kuhn, Neighborhood Outreach Manager, recalled that in December 2008 the City Council expressed an interest in reviewing staff's plans for extending the benefits of the Neighborhood Fitness Project, a component of the 2007-2008 Neighborhood Livability Action Agenda. She reviewed the six elements of the 2009-2010 Work Plan: 1) Maintain fitness levels achieved through 2007-2008 efforts in initial target areas, 2) Identify emerging problems in other areas within the community, 3) Respond to community interest in neighborhood fitness and community building projects, 4) Encourage neighborhood volunteerism, 5) Coordinate neighborhood fitness activities with other City departments, community groups, programs and projects, and 6) Use the Neighborhood Fitness Project as a vehicle to investigate and resolve emerging issues related to community appearance.

Ms. Kuhn recalled that the Council provided a special budget allocation for the purpose of conducting community building/recognition activities and celebrations. One example of a planned activity is a neighborhood food drive competition to be held in May and June. Staff is working on a *Know Your Neighbor* Campaign and neighborhood volunteer projects for the summer.

Councilmember Davidson raised a general concern about budgeting, and of funding program and project operations in the Capital Investment Program (CIP) Plan.

Deputy Mayor Balducci expressed appreciation for the program and Ms. Kuhn's work. She noted that in addition to the benefits of community celebrations, fostering a sense of community within neighborhoods can be effective in enhancing public safety, particularly during weather-related emergencies.

Councilmember Chelminiak concurred with Dr. Davidson's budget concern. He thanked staff for doing a remarkable job of putting the money in the right place with this program. He also appreciates staff's focus on human services needs (e.g., food drive) during these difficult economic times.

Councilmember Lee said he is proud of the City's community outreach programs, and thanked Ms. Kuhn for her work.

At 8:00 p.m., Mayor Degginger declared recess to the Regular Session.

Myrna L. Basich  
City Clerk

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